The Peking Parliament approved of the severance of Diplomatic Relations with Germany on March ii. America declared War on Germany the following month, and in May President Li recommended that China should do likewise. To the "second step," however, there was considerable opposition, owing to rumours of secret engagements entered into by the Premier, Marshal Tuan Chi-jui, with "a neighbouring country." Marshal Tuan thereupon attempted to coerce the Parliamentarians by hired demonstrators. It became known that the latter had been assembled by his orders, and Parliament dug its toes in, and refused to act. Practically all of the members of the Cabinet then resigned, and Parliament declared that it would not discuss the question of a declaration of war until the Ministry had been reconstituted. President Li, in desperation, dismissed Marshal Tuan, and was immediately confronted with the risk of a military revolt. With no army of his own to rely on, President Li invited the pig-tailed General Chang Hsun to come up to the Capital to mediate. General Chang immediately responded, but before his troops had even reached Peking insisted upon the dissolution of Parliament. President Li yielded, and many Parliamentarians left for the South to reorganize the Legislature in Canton.

On arrival at the Capital General Chang Hsun, using the name of President Li, proclaimed the Restoration of the Manchu Emperor, and formed a Cabinet of Imperialists. He claimed, later, that he did so with the concurrence of Marshal Tuan and other Northern militarists. If that is true it would appear